

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Inquiry into Policies and Programs to)
Assure Universal Telephone Service in a)
Competitive Market Environment)

RM 8388

**COMMENTS OF AMERITECH IN SUPPORT OF A
NOTICE OF INQUIRY INTO UNIVERSAL SERVICE
IN THE EMERGING COMPETITIVE MARKETPLACE**

Ameritech¹ files its Comments in support of the Petition of MFS Communications Company, Inc. ("MFS") requesting the Commission to issue a notice of inquiry ("NOI") to determine future policies assuring the continued availability of universal service in the emerging competitive telecommunications marketplace. Ameritech agrees with MFS that assuring universal service is a significant public policy objective that the Commission should formally address as the marketplace for telephone service becomes increasingly competitive.²

However, universal service cannot be considered in a vacuum. Rather, it must be viewed in the context of the evolving information age, with its new technologies, changing marketplace and the confluence of video, data and telecommunications. In this new environment, universal service needs must be integrated with the policies supporting competition, innovation and infrastructure investment. Ameritech agrees with MFS that the Commission should explore "what form and amount of subsidy is really

¹The Ameritech Operating Companies are: Illinois Bell Telephone Company; Indiana Bell Telephone Company, Inc.; Michigan Bell Telephone Company; The Ohio Bell Telephone Company; and Wisconsin Bell, Inc.

²MFS Petition at 1.

necessary to preserve universal service, and then establishing a secure, competitively neutral and equitable source of funding for that subsidy.”³ Ameritech commends MFS for stepping up to its responsibilities and recognizing “its obligation, as a provider of telecommunications services, to participate in the funding of universal service goals.”⁴ In addition, Ameritech agrees with MFS that if universal service is to continue to be funded by the industry then “[a]ny new funding mechanism should be designed so that all users of telecommunications services (other than subsidy recipients) contribute equitably to the subsidy burden, regardless of what form of telecommunications they use or which carrier they obtain service from.”⁵

Ameritech supports an NOI on universal service subject to the following conditions. First, the NOI should recognize that universal service is a shared federal/state responsibility. Second, the NOI should be comprehensive, and consider the effect of competition on the full array of policy tools and mechanisms that are used by the Commission to promote universal service, including carrier of last resort obligations, interconnection with other carriers, separations and the need for further rate deaveraging. These policy tools were developed in a single provider environment and all need to be re-evaluated and adjusted in the light of the realities of a competitive marketplace. Third, the general inquiry into universal service and other related public policies is fully consistent with Ameritech’s Customers First Plan and both matters can be considered simultaneously in separate proceedings.

³Id. at 2-3.

⁴Id. at 19.

⁵Id. at 19.

A. The NOI Should Recognize State Responsibilities Concerning Universal Service.

The responsibility for universal service is shared between the Commission and state regulators. The Commission regulates the recovery of local exchange carrier ("LEC") costs applicable to local facilities and support functions that are allocated to the interstate jurisdiction. The Commission also regulates interstate services, including MTS and carrier access services. State regulators are responsible for regulating intrastate services, including basic exchange service, and the recovery of LEC costs that are allocated to the intrastate jurisdiction.

The Commission's NOI should recognize and accommodate the state/federal division of responsibility for universal service. This can be done by limiting the NOI to identification and recovery of funds allocated to the interstate jurisdiction that support universal service. The Commission can also examine what service or services should make and receive interstate universal service contributions. However, if the Commission decides that basic exchange access to the public switched network is the service should continue to be subsidized, it should defer to the states the question of the definition of basic exchange access -- including, for example, resolution of such questions as should basic exchange access also include touch-tone, some flat-rated local calling and access to emergency services, such as 911.

B. The NOI Should Be Comprehensive And Include An Examination Of All Universal Service Related Policies and Tools That May Be Affected By The Transition To A Fully Competitive Telecommunications Marketplace.

The NOI should be comprehensive. That is to say, it should consider all issues and concerns related to universal service and any other related public policies that may be affected by the emergence of competition and the

evolution and convergence of technology. While MFS raises its concerns and presents its positions on universal service, the NOI should also give all parties the opportunity to identify other issues and concerns related to universal service in the emerging advanced telecommunications competitive marketplace.

A specific example of a public policy tool related to universal service that may need to be re-evaluated is the carrier of last resort obligation. MFS proposes that "the incumbent monopoly LECs should continue for the foreseeable future (until alternative services are widely available) to be required to service all customers within their existing serving areas"⁶ Ameritech is strongly committed to meeting any existing carrier of last resort obligations during the transition to a fully competitive environment, but believes that this obligation should also be re-evaluated against the backdrop of a fully competitive environment. Issues related to the carrier of last resort obligation include the status of the incumbent LEC's carrier of last resort obligation where another alternative exists, the funding of the costs of maintaining uneconomic carrier of last resort facilities or services and carrier of last resort and equal access obligations of alternate service providers.

C. Conducting An NOI On Universal Service and Other General Policy Issues Is Consistent With Ameritech's Customers First Filing.

Ameritech's Customers First Plan is not intended to address the industry wide issues, such as what universal service should become, but rather leaves those issues to general proceedings and forums. Instead, the Plan is designed to preserve the status quo in the competitive local marketplace it will create. In fact, Ameritech expects that the Plan will be adjusted to reflect the outcome of any industry policy proceedings. Therefore,

⁶Id. at Attachment 1 at 5.

conducting the NOI requested by MFS should not delay Commission action on the Customers First Plan.

D. Conclusion

For the reasons discussed, the Commission should commence a general NOI into the effect of competition on universal service and all the Commissions' policies, tools and mechanisms that are used to support that objective.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Larry Peck / tra", written over a horizontal line.

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